

**MINUTES
MID-YEAR BUDGET REVIEW
LANCASTER COUNTY BOARD OF COMMISSIONERS
LINCOLN MUNICIPAL AIRPORT BOARD ROOM
FRIDAY, MARCH 2, 2001
MORNING SESSION**

Commissioners Present: Kathy Campbell, Chair
Bob Workman, Vice Chair
Larry Hudkins
Linda Steinman
Bernie Heier

Others Present: Kerry Eagan, Chief Administrative Officer
Dave Kroeker, Budget and Fiscal Officer
Ann Taylor, County Clerk's Office

AGENDA ITEM

1 MID-YEAR BUDGET REVIEW - Dave Kroeker, Budget and Fiscal Officer

Dave Kroeker, Budget and Fiscal Officer, reviewed *Lancaster County, Mid-Year Budget Review, Current Year & 1-2 Year Anticipated Changes, Summary of Late Agency Requests* and *Lancaster County, Mid-Year Budget Review, Current Year & 1-2 Year Anticipated Changes, Summary of Agency Requests* and *Lancaster County, FY01 Projected Additional Appropriations* (Exhibits A & B).

A. Mid-Year Status of Expenditure Budget

Kroeker reviewed the following documents contained in *Mid-Year Budget Retreat, March 2, 2001* (on file in the County Clerk's Office):

- ▶ *Lancaster County, FY01 Projected Additional Appropriations* (Pages 1-1 and 1-2)
- FY01 General Government Contingency Budget is \$1,500,000 and FY01 Group Insurance Contingency is \$700,000
- ▶ *December 31, 2000, Lancaster County, Report of Obligations Versus Budget, Percent of Fiscal year Remaining 50.00%* (Page 1-3) - \$1,714,410 in additional appropriations is projected

In response to a question from Campbell, Kroeker said the amount shown for the Institutions Fund (Page 1-3) reflects a transfer into the General Fund. He said the same is true for Relief/Medical and Inheritance Tax.

- ▶ *December 31, 2000, Lancaster County, Payroll Costs Compared to Budget, Percent of Year Remaining - 50.00%* (Page 1-4)
- ▶ *Lancaster County, Comparison of Obligations First Six Months of FY01 Compared to FY00* (Page 1-5) - 10.76% Increase in General Fund Operating Costs

In response to a question from Campbell, Kroeker said the 236.78% increase in Debt Service reflects the first year of principal and interest payments on the Lancaster County Juvenile Detention Center.

- ▶ *Lancaster County, Comparison of Payroll Obligations First Six Months of FY01 Compared to FY00* (Page 1-6) - 4.82% Increase for General Fund Net and Lancaster Manor Temporaries
- ▶ *Lancaster County Boarding Contracts* (Pages 1-7 and 1-8) - \$385,000 projected for FY01
- ▶ *Lancaster County Comparison of Overtime, Six Months of FY00 Compared to FY99 and Overtime by County Agency as of December 31, 2000, Comparison to Budget* (Pages 1-9 and 1-10)

Campbell said positions were added to Corrections and their overtime has decreased.

- ▶ *Natural Gas Usage Compared to Budget, To December 31, 2000* (Page 1-11)

Hudkins noted that rents will probably increase next year as a result of natural gas cost increases.

B. Mid-Year Status of Revenue Budget

Kroeker reviewed the following documents contained in *Mid-Year Budget Retreat, March 2, 2001* (on file in the County Clerk's Office):

- ▶ *December 31, 2000, Report of Revenues Estimated and Actual Percent of Year Remaining = 50.00%* (Page 2-1)
- ▶ *As of December 31, Comparison of Actual Revenues First Six Months of FY01 Compared to FY00* (Page 2-2) - Approximately \$4 million ahead after transfers
- ▶ *Lancaster County Inheritance Tax Collections* (2-3) - \$2,808,000 as of February 28, 2001
- ▶ *Lancaster County, Register of Deeds Fees* (2-4)
- ▶ *Lancaster County, YTD Receipts & Disbursements for FY01, FY00 and FY99* (Pages 2-5, 2-6 and 2-7) - Spent \$611,905 more than collected, as of December, 2000

C. Other Issues

Kroeker reviewed the following documents contained in *Mid-Year Budget Retreat, March 2, 2001* (on file in the County Clerk's Office):

- ▶ *Lancaster County Building Fund Budget* (Page 3-1) - \$3,192,322 fund balance, as of December 31, 000, with a carry forward of \$431,988 after funding of various projects (Election Commissioner remodel (estimated to cost \$300,000), Lancaster County Juvenile Detention Center, Sheriff's airplane, Lancaster Correctional Facility (LCF) Heating, Ventilation and Air Conditioning (HVAC) system and transfer to Debt Service)

The Board asked that an update on the Sheriff Department's airplane be scheduled for a Staff Meeting.

Discussion took place on how to finance additional parking for the government complex. Hudkins said if a decision is made to build a parking structure to the north, it may be advantageous to hold off on demolishing the Election Commission building. He noted it has been suggested that this building could be a short-term solution for relocation of the Personnel Department.

In response to a question from Workman, Hudkins said NEBCO, Inc. has requested an extension of 2-3 weeks to allow them time to reassess their plans for the east parking lot and overall parking needs.

Campbell said the property to the north offers the best long-term solution.

Kroeker noted there has been a request to remodel some of the offices on the first floor of the County-City Building to address space needs.

Campbell said the Public Building Commission has delayed decisions of this sort until the future of the Old Federal Building is decided.

Kroeker said it may be necessary to set aside some funds for the remodel of the Attention Center facility, depending on its future use.

Hudkins said he would be very reluctant to sell that property, noting its close proximity to other holdings.

- ▶ *Juvenile Detention Facility and Use of Three Year Juvenile Detention Levy Prior to Issuing Bonds* (Pages 3-2 and 3-3)

Kroeker said the Lancaster County Juvenile Detention Center bond proceeds are short \$1,554,342 (does not include interest income). He estimated that interest income could total \$750,000 and said \$150,000 of this may need to be rebated as excess income.

Kroeker reported that the project is \$80,000 over budget, as of December 8, 2000, and the Contingency Fund for construction has approximately \$49,000 of the \$100,000 budgeted remaining. He said funding of the project appears adequate and suggested that \$530,000 be used to buy down the debt.

- ▶ *Lancaster County, Keno Collections* (Page 3-4)

Kroeker said Keno collections total \$461,000, as of February 28, 2001, and are projected to reach \$692,000 for the year.

- ▶ *Keno Fund, FY01 Adopted Budget* (Page 3-5)

Kroeker noted the following changes:

- Corrections Elevator & Video Monitor - \$26,000 (Funded elsewhere)
- Match for Griffin Grants - \$27,953 (Eliminated)
- Corrections Assessment - \$75,000 (Increased to \$150,000)
- Keno Prevention Grants - \$25,000 (Added)
- Industrial Development - \$2,500 (Added)
- Cornhusker Place Relocation - \$25,532 (Added)

Kroeker reported that the Economic Development Fund balance is \$1,251,287 and commitments total \$1,530,000 (see Exhibit A, Page 030A-1). He suggested that \$280,000 in funds be loaned from the Keno Fund to the Economic Development Fund.

Campbell noted agreements have not been signed with Kawasaki and Cabela's, to date. She said the Cabela's project is on hold, due to LB 827 (provides for the sale or lease of dark fiber by governmental entities). She said a loan may not be necessary as it may be possible to phase funding of the existing commitments.

Workman suggested that the Keno Fund be used to fund the Homestead Heritage Trail.

Brief discussion took place on the issue of ownership of the trail with a suggestion that a land trust be established.

Campbell suggested that the Board ask the Mayor to call together a meeting of all the potential partners to discuss funding.

In response to a question from Heier, Kroeker reported that the County has spent \$171,588 on the Beltway Study, to date.

Heier asked whether an additional \$164,000 is still anticipated.

Kroeker said that number remains static.

Hudkins said a decision needs to be made soon, otherwise costs will continue to escalate.

Board consensus to schedule further review of the list of Keno Fund projects on a Staff Meeting agenda.

- ▶ *Lancaster County, History of Keno Fund* (Page 3-6)
- ▶ *Lancaster County, Explanation of Keno Transfers* (Page 3-7)
- ▶ *Lancaster County, Summary Analysis of Requested Budget, Data Processing* (Page 3-8)
- ▶ *P.C. Requests for FY00* (Page 3-9) - \$34,036 of the \$167,422 in approved requests have been spent, as of December 31, 2000
- ▶ *Microcomputer Purchases, From Micro Computer Fund* (Page 3-10)
- ▶ *Lancaster County, Indigent Defense Costs* (Page 3-11) - 3.33 increase projected for FY01 (Costs related to the Reeves case are not factored in)

Eagan said the Indigent Screener Committee will give a report on the effectiveness of the Indigent Screener on March 15th.

- ▶ *Indigent Legal Costs, Lancaster County* (Page 3-12) - Deficit of \$21,081 is projected, based on six months experience
- ▶ *Lancaster County, Year End Fund Balances From Budgets* (Page 3-13)

Kroeker reported that the Operating Fund balance is 12.84%, compared to expenses and said he would prefer to keep this in the 15% range. He recommended increasing the Cash Reserves in a "good year".

Campbell suggested placing Inheritance Tax excesses in the Cash Reserves.

- ▶ *Statement of Bonded Debt And Payments Required* (Page 3-14)
- ▶ *Lincoln Lancaster County Health Dept Bonds* (Page 3-15)

Kroeker said there is no incentive to refund the bonds on the County/City Health Department Building at the present time, but said he is setting funds aside so that the County can stop levying at the end of ten years and pay off the bonds year-to-year. He said the City would prefer that the bonds not be called since the bonds are callable in inverse order of maturity, which would impact their cash flow.

- ▶ *Lancaster County Leases With NACO* (Page 3-16) - 4 leases outstanding

D. Five-Year Forecast

Kroeker reviewed the following documents contained in *Mid-Year Budget Retreat, March 2, 2001* (on file in the County Clerk's Office):

- ▶ *Lancaster County, No Increase in Staffing Over FY00 Budget, Five Year Budget Forecast- Property Tax Funds Only, For Discussion Purposes Only* (Pages 4-1 and 4-2) - 7% increase in General Fund personnel costs

Kroeker reported that valuation is \$11,381,932,044 for FY 2000-01 and said the County Assessor has projected a 12% increase in valuation for FY 2001-02 (4% of which is new growth).

Kroeker said the County should have room in the budget for several years, if legislative lids remain the same.

- ▶ *Lancaster County, LC-3 Supporting Schedule* (Page 4-3)

Hudkins suggested setting aside funds in the Corrections Sinking Fund.

Campbell noted there is only a ten year window for levy. She also noted the report from Voorhis/Robertson Justice Services, Inc. that 65% of the inmates in the Corrections facility are held for misdemeanors and said it would be cheaper to lease additional space for a drug/alcohol treatment facility than to build a new jail.

Hudkins said the Probation Offices need to be moved out of the Corrections facility so that space can be better utilized.

Campbell concurred and suggested that those offices be relocated to Trabert Hall.

- ▶ *Lancaster County Group Insurance, County Share of Cost* (Page 4-4) - 43% increase in health insurance (\$1,633,350) and 56% increase in dental insurance (\$114,191)

Kroeker noted there may be an additional increase for 7 months of the fiscal year, as the rates have not been determined for the period beginning January 1, 2002.

- ▶ *Public Building Commission, Debt Service Requirement On G.O. Bonds Series 1996* (Page 4-5)

Kroeker said in the near future values should cover the current debt of the Public Building Commission.

- ▶ *New A.C. Operating Costs* (Page 4-6)

Kroeker said since population numbers are down, it may be necessary to bring in revenue from other counties.

- ▶ *History of Tax Requirements* (Page 4-7)
- ▶ *Lancaster County, General Fund History of Budgets* (Page 4-8)
- ▶ *Lancaster County, General Fund Budgeted Payroll Costs* (Page 4-9)
- ▶ *Change in Consumer Price Index (CPI-U), 1989 to 2000* (Page 4-10)

E. Letters from Agencies

County Commissioners (601)

Approved additional appropriation of \$7,878 for salary and benefit changes. Further revision will take place at the end of the fiscal year.

County Assessor (605)

Approved additional appropriations:

- ▶ \$30,000 for salary and benefit changes
- ▶ \$26,000 for data processing
- ▶ \$30,000 for Palm Pilots from the Microcomputer Fund, pending review by Information Services

Delayed replacement of two cars until the end of the fiscal year (estimated cost of \$31,000), unless there is a determination by Don Shafer, Equipment Maintenance Supervisor, that the vehicles are not worth repairing or are dangerous or if repair exceeds \$1,500.

Election Commissioner (607)

Approved additional appropriations:

- ▶ \$11,330 for salary and benefit changes
- ▶ \$15,542 for data processing
- ▶ \$14,998 for postage
- ▶ \$ 1,516 for rent

Transferred the cost of imaging of voter records (\$7,680) to Information Services budget.

Budget & Fiscal (611)

Approved additional appropriation of \$5,829 for salary and benefit changes.

Kroeker estimated the cost of developing a plan for Governmental Accounting Standards Board (GASB) 34 reporting at \$25,000 to \$30,000. He said the budget is sufficient this year, but there will be future year costs for accounting system upgrades.

Board consensus to place a hold on the County Assessor's proposal to value all real property held by Lancaster County.

Geographic Information System (615)

Approved additional appropriation of \$15,550 for salary and benefit changes.

Clerk of District Court (621)

Asked Kroeker to review the Clerk of the District Court's payroll data to assess whether adding a full-time position would help reduce costs for overtime and temporaries.

District Court (624)

Requested further information regarding the estimate of \$50,000 to \$100,000 that is needed for consulting and legal fees related to the Randy Reeves case.

Public Defender (625)

Approved additional appropriation of \$45,000 for salary and benefit changes.

County Extension (645)

Added \$25,000 to the Building Fund for conference/meeting room renovation.

Records Management (648)

Deferred discussion of a document archive writer (equipment that converts scanned images to microfilm) until Strategic Planning in the afternoon session.

County Sheriff (651)

Approved additional appropriations:

- ▶ \$332,035 for salary and benefit changes
- ▶ \$ 3,750 for rent & utilities
- ▶ \$ 4,000 for equipment for new deputy
- ▶ \$ 20,500 for a new vehicle

Added \$80,000 to the Building Fund for construction of a building to house the Sheriff's tactical response vehicle and Emergency Management's Lancaster County Mobile Command post.

County Attorney (652)

Approved additional appropriation of \$92,123 for salary and benefit changes.

Corrections (671)

Approved additional appropriations:

- ▶ \$160,000 for salary and benefit changes
- ▶ \$ 30,000 for pharmaceutical supplies
- ▶ \$215,000 for other services (food, medical services, information services, and utilities)

Kroeker noted that the \$85,000 requested for the Corrections Needs Assessment was already included in the Keno Budget.

Adult Probation (674)

Approved additional appropriation of \$600 for replacement of fax machine.

Emergency Management (693)

Approved expenditure of \$29,588 from additional award from the Nebraska Emergency Management Agency (NEMA).

County Engineer (703)

Approved additional appropriations:

- ▶ \$61,289 for salary and benefit changes
- ▶ \$32,372 for temporary salary, photocopy expenses, insurance and engineering design
- ▶ \$30,000 for engineering costs related to the NW 70th Street and West Superior Street project.

Pay the additional appropriation of \$400,000 for the Kawasaki Motors project from the Economic Development Fund. It was noted that this is a grant, not a loan.

Asked Kroeker to contact Troy Gagner, Economic Development Coordinator, and see if the additional appropriation for the Garner Industries project (\$58,000 for water line and \$15,000 for road) could be paid out of the Economic Development Fund. Kroeker will also check with Don Thomas, County Engineer, to see if paying the expense out of the County Engineer's budget would help with the road formulas.

Held the request for an additional appropriation for the Havelock Avenue project. Will discuss further with Don Thomas, County Engineer.

Mental Health Board (751)

Approved additional appropriation of \$22,600 for salary and benefit changes.

Veterans Service (803)

Approved additional appropriation of \$10,828 for salary and benefit changes.

Human Services (837)

Approved additional appropriation of \$31,135 for salary and benefit changes and \$1,000 for office supplies for the Grants Manager.

Safety & Training (012)

Approved additional appropriation of \$1,968 for salary and benefit changes.

Bridge & Road Fund (022)

Approved additional appropriation of \$44,728 for salary and benefit changes.

Families First & Foremost (060)

Kroeker said it appears that the State is responsible for the Families First & Foremost (F³) Grant match.

Lancaster Manor (061)

Approved additional appropriations:

- ▶ \$126,181 for salary and benefit changes
- ▶ \$533,628 for temps
- ▶ \$425,000 for rent
- ▶ \$ 70,000 for other shortfalls

Kroeker recommended increasing Lancaster Manor's Cash Reserve Fund.

The Board concurred.

Community Mental Health Center (063)

Approved additional appropriations:

- ▶ \$63,000 for salary and benefit changes
- ▶ \$14,500 for Crisis Unit food
- ▶ \$20,000 for Crisis Unit pharmacy
- ▶ \$50,000 for contracted services for psychologists
- ▶ \$ 6,000 for beds
- ▶ \$42,700 for appropriations for grants

Held the request to restore the staff development budget (\$10,000) and asked whether the Mental Health Foundation Board contributes to this expense. Also held the additional appropriation request for interpreters (\$3,500) and suggested use of Communities Helping Immigrants and Refugees Progress (CHIRP) Program.

Weed Control (064)

Approved additional appropriation of \$6,018 for salary and benefit changes.

City/County Property Management (065)

Approved additional appropriation of \$43,614 for salary and benefit changes.

County Property Management (066)

Approved additional appropriation of \$34,626 for salary and benefit changes.

F. Department Budget Hearing Schedule Fiscal Year 2001-02

Covered in the afternoon session.

The meeting was recessed for lunch.

Bruce Medcalf
Lancaster County Clerk